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March 22, 2006

**Mr. Jeff S. Jordan
Supervisory Attorney
Complaints Examination &
Legal Administration
Federal Elections Commission
999 E Street, NW
Washington, D.C. 20463**

RE: MUR 5712

Dear Mr. Jordan:

This firm represents Governor Arnold Schwarzenegger. Please find enclosed an executed Statement of Designation of Counsel.

We were aware of the politically motivated complaint filed by the Chair of the California Democratic Party, since he widely publicized its filing with the FEC. It is somewhat ironic that the Chair and his party, who both intervened in the lawsuit challenging the constitutionality of BCRA, now seek to embroil the FEC in matters surrounding a state election for Governor.

As indicated more fully below, neither the Governor, nor Senator McCain, violated any provision of the Federal Election Campaign Act in connection with the Governor's recent fundraising event.

First, the complaint points to no statute or regulation that imposes any requirement or prohibition on the Governor. Rather, the complaint vaguely alleges that the Governor "violated the Act by aiding and abetting Senator McCain...." We are aware of no liability under the Act for "aiding and abetting." (See, 2 USC § 437g.) Rather, the Act is quite specific with respect to the prohibition in question (i.e., "a candidate" [for Federal office], "individual holding Federal office, agent of a candidate or individual holding Federal office... shall not — solicit funds in connection with any election unless..."). Governor Schwarzenegger is not a candidate for Federal office to whom the prohibition would apply.

Second, Senator McCain did not violate the Act. He did not "solicit" funds for the

**FEDERAL
OFFICE OF
GENERAL COUNSEL
MAR 23 P 2:53**

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Governor. Rather, he merely spoke at a fundraising event as the special guest of the Governor, which is expressly permitted by the Act and Commission regulation and advice. (See e.g., 2 USC § 441i(e)(3); Regulation 300.64; and FEC AO 2003-3.) The Governor's own campaign staff and volunteers solicited all contributions associated with the event.

I have enclosed an actual invitation to the event in which Senator McCain's expected appearance as a special guest is referenced. Of particular note is the disclaimer on the invitation which reads:

"We are honored to have Senator John McCain as our speaker for this event, however the solicitation for funds is being made by Californians for Schwarzenegger and the California Republican Party. In accordance with federal law, Senator McCain is not soliciting individual funds beyond the federal limit, and is not soliciting funds from corporations or labor unions."

This disclaimer appears, not once, but twice on the invitation. In the FEC's Advisory Opinion on this subject, the Commission wrote:

"For a covered person asking for funds in connection with a non-Federal election in a State that permits donations that would not be lawful if in connection with a Federal election, the statement 'must expressly qualify or limit his or her request so that it is clear that he or she is asking only for funds that comply with the Act's amount limitations and source prohibitions [citing 2 U.S.C. § 441i(e)(1)(B); 11 CFR § 300.62]."

The disclaimer provided clearly complies with the Commission's regulation and advice. Mr. Torres' complaint states that the Commission has advised that an invitation disclaimer must use the precise words "I am asking for a donation of up to \$2,100 per election from an individual's own funds.... I am not asking for funds from corporations or labor organizations." (See paragraph 17 of Torres complaint). Of course, that is not what the Commission has advised. Rather the Commission opined that such a disclaimer would be "adequate."

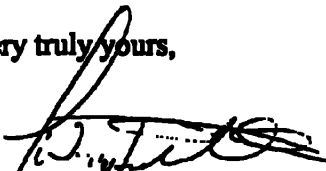
In this case, the exact wording seemingly required by Mr. Torres would have been false, since Senator McCain was not soliciting any funds for Governor Schwarzenegger.

I hope that this information assists you in concluding that the Commission should take no

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Supervisory Attorney
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further action on the complaint filed by Mr. Torres and the California Democratic Party. If you need further information, please do not hesitate to call.

Very truly yours,



Thomas W. Hiltachk

TWH/jg

Enclosures



FEDERAL ELECTION COMMISSION

Office of General Counsel

888 E Street, NW

Washington, DC 20463

STATEMENT OF DESIGNATION OF COUNSEL
Please use one form for each Respondent/Witness
FAX (202) 219-9828

MUR: 5712

COUNSEL: Thomas W. Hiltachk

FIRM: Bell, McAndrews & Hiltachk, LLP

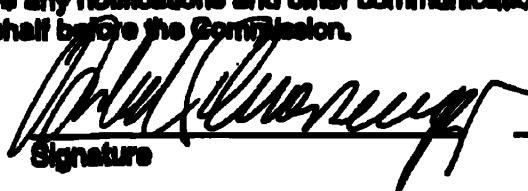
ADDRESS: 455 Capitol Mall, Suite 801, Sacramento, CA 95814

TELEPHONE - OFFICE: (916) 442-7757

FAX: (916) 442-7759

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

3/21/06
Date


Signature

Title

RESPONDENT/WITNESS NAME (PRINT): Governor Arnold Schwarzenegger

MAILING ADDRESS: same as above

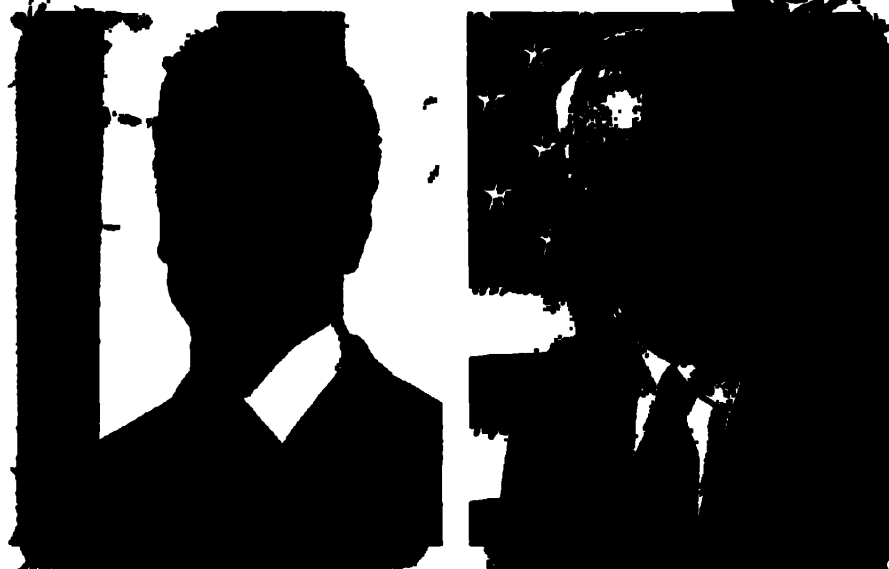
TELEPHONE - HOME: ()

OFFICE: ()

Information is being sought as part of an investigation being conducted by the Federal Election Commission and the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) apply. This section prohibits making public any investigation conducted by the Federal Election Commission without the express written consent of the person under investigation.

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LEAP INTO ACTION



*with Governor Arnold Schwarzenegger
and Special Guest Senator John McCain*

Platinum

ADELE & BENY ALAGEM
AVERY & ANDY BARTH
KATHY & FRANK BAXTER
BILL BLOOMFIELD, JR.
TINA & RICK CARUSO

KELLY & ROBERT DAY
JOAN & JOHN HOTCHKIS
CATHERINE & JOHN B. KILROY, JR.
THE NEW MAJORITY LOS ANGELES
ASHLEY & DAN S. PALMER, JR.

MARGIE & JERRY PERENCHIO
WILLIAM A. ROBINSON
FAYE & ALEX SPANOS
TERRY SEMEL

Gold

JAMES CAMERON
JAMI & KLAUS HEIDEGGER
MIKE MCGEE & OLGA CASTELLANOS-MCGEE
TAWNY & JERRY SANDERS
GREG STUBBLEFIELD

Silver

MICHELLE & TONY ANDERSON
DONNA TUTTLE & DAVID ELMORE
DAVE HELWIG
MICHAEL R. LOMBARDI
EVA & MARC STERN
BETTY & JOE WEIDER

Bronze

MICHELLE & HAMID BAHER
RUTH & JAKE BLOOM
LINDA & JERRY BRUCKHEIMER
PETER CHERNIN
SARAH & BRETT DAVIS
BARRY FISHER
ERICA & ROGER GREAVES
JERI & KEN HARMAN

FRITZ HITCHCOCK
ROBERT W. HUSTON
VICKI & JIMMY IOVINE
SANAZ & SAIED KASHANI
GERALD L. KATELL
BLISS & PATRICK KNAPP
SUZANNE & ALLEN M. LAWRENCE
PAULA KENT-MEEHAN

NANCY & ROBERT PHILIBOSIAN
DAVID G. PRICE
GEORGE SCHAEFFER
CINDY & SANDY SIGAL
SHEILA & ROBERT SNUKAL
MIMI SONG
GAVIN HACHIYA WASSERMAN

SPRING INTO ACTION
with
GOVERNOR ARNOLD SCHWARZENEGGER
and Special Guest
SENATOR JOHN MCCAIN
at
THE BEVERLY HILTON
9876 WILSHIRE BOULEVARD
BEVERLY HILLS

MONDAY, MARCH 20, 2006
5:30 GENERAL RECEPTION AND SILENT AUCTION
6:00 HOST COMMITTEE RECEPTION
7:00 DINNER

BUSINESS ATTIRE

CONTACT GINA BLOCK OR RENEE CROCE
TEL: 310-450-2117 FAX: 310-450-1761

29044240044

Notwithstanding to whom Senator McCain is our Speaker for this event. However, the collection for funds is being made only by Collections for SchweitzerPeggy and Senator McCain. In accordance with federal law, Senator McCain is not collecting individual funds beyond stated limit, and is not collecting funds from corporations or

"SPRING INTO ACTION"

with **GOVERNOR SCHWARZENEGGER**
and Special Guest **SENATOR JOHN MCCAIN**
MONDAY, MARCH 20, 2006 at THE BEVERLY HILTON

I AGREE TO GIVE/RAISE:

- ☐ **PLATINUM SPONSOR:** **\$100,000 (\$44,000 TO CFS06 PLUS \$55,400 TO CRP)**
 HEAD TABLE SEATING WITH GOVERNOR FOR 2 PEOPLE, 1 TABLE OF 10 WITH PREMIERE SEATING, 12 TICKETS FOR THE HOST COMMITTEE RECEPTION, 6 PHOTOS WITH THE GOVERNOR (2 PEOPLE PER PHOTO)
- ☐ **GOLD SPONSOR:** **\$50,000 (\$44,000 TO CFS06 PLUS \$5,400 TO CRP)**
 HEAD TABLE SEATING WITH GOVERNOR FOR 1 PERSON, 1 TABLE OF 10 WITH PREMIERE SEATING, 6 TICKETS FOR THE HOST COMMITTEE RECEPTION, 3 PHOTOS WITH THE GOVERNOR (2 PEOPLE PER PHOTO)
- ☐ **SILVER SPONSOR:** **\$25,000 (\$22,300 TO CFS06 PLUS \$2,700 TO CRP)**
 1 TABLE OF 10 WITH PREFERRED SEATING, 4 TICKETS FOR THE HOST COMMITTEE RECEPTION, 2 PHOTOS WITH THE GOVERNOR (2 PEOPLE PER PHOTO)
- ☐ **BRONZE SPONSOR:** **\$10,000 (TO CFS06)**
 1 TABLE OF 10, 2 TICKETS FOR THE HOST COMMITTEE RECEPTION, 1 PHOTO WITH THE GOVERNOR (2 PEOPLE PER PHOTO)
- ☐ **INDIVIDUAL TICKET(S):** **\$1,000 (TO CFS06)**
 - PLEASE RESERVE _____ TICKET(S) AT \$1,000 EACH
- ☐ **I/WE ARE UNABLE TO ATTEND BUT WILL CONTRIBUTE \$ _____ TO CFS06.**

THE FOLLOWING INFORMATION IS REQUIRED:

NAME: _____ SPOUSE: _____
 ADDRESS: _____
 CITY: _____ STATE: _____ ZIP: _____
 PHONE: _____ FAX NUMBER: _____
 E-MAIL ADDRESS: _____
 OCCUPATION: _____ RETIRED: _____
 EMPLOYER: _____
 AMOUNT OF CONTRIBUTION TO CFS06: \$ _____ AMOUNT OF CONTRIBUTION TO CRP: \$ _____

CREDIT CARD CONTRIBUTIONS: ☐ MASTERCARD ☐ VISA ☐ AMERICAN EXPRESS

CREDIT CARD #: _____ **EXPIRATION DATE:** _____
 IF THIS IS A CORPORATE CARD, BY LAW IT WILL BE CONSIDERED A CORPORATE DONATION.

NAME AS IT APPEARS ON THE CARD: _____
 IS THIS A CORPORATE CARD? ☐ YES ☐ NO IF YES, CORPORATION NAME: _____

BILLING ADDRESS (IF DIFFERENT): _____

AUTHORIZED SIGNATURE (MUST BE THE SAME AS NAME ON THE CARD): _____

CONTRIBUTIONS TO EACH COMMITTEE MUST BE MADE BY SEPARATE CHECKS AND MAILED TO:

CALIFORNIANS FOR SCHWARZENEGGER 2006
 TAX ID #58-3776483 FPPC #1261885

CALIFORNIA REPUBLICAN PARTY
 TREASURER *STATE ID #810163 FEDERAL ID #C001450590

C/O GINA BLOCK, 3110 MAIN STREET, SUITE 225, SANTA MONICA, CA 90405 • PHONE 310-450-2117
OR YOU MAY FAX THIS FORM TO 310-450-1761

Californians for Schwarzenegger 2006: Contributions to Californians for Schwarzenegger are not deductible for federal income tax purposes. This solicitation raises funds for Governor Schwarzenegger's re-election in 2006. The maximum legal contribution to CFS-06 is \$44,000 (\$22,300 for the primary election and \$22,300 for the general election). A contributor may contribute to both the primary and general elections now and may write a single check. All contributions received prior to the primary election will be designated for the primary election up to the contributor's contribution limit. Any contributions received from a contributor totaling more than \$22,300 will be designated for the general election. Individuals, businesses, corporations and general PAC contributions are permissible. Contributions from public employees union PACs will not be accepted. Foreign Nationals are prohibited from making contributions to this committee, unless they have permanent residency status in the United States of America. Spouses and adult children may each give \$44,000 by separate check signed by the spouse or adult child or by credit card transaction authorized by the spouse or adult child. Please enclose separate checks or credit card authorizations.

California Republican Party: Contributions to California Republican Party are not deductible for federal income tax purposes. There is no limit on contributions to CRP. Corporate contributions will be used in California state elections. Individual contributions will be used in both federal and California state elections and may also be made in any amount. Contributions to CRP will be allocated as follows: up to \$27,500 per calendar year for direct state candidate support. Any amount in excess of \$27,500 will be used for permissible non-direct candidate support purposes. Such contributions may also be used for federal Levin account purposes, up to \$10,000 per individual, corporate or PAC donor.

I have Senator John McCain as our Sponsor for this event. However, the solicitation is for Governor Schwarzenegger and the California Republican Party. It is not a McCain for President fund-raising effort. It is not a McCain for President fund-raising effort. It is not a McCain for President fund-raising effort.